Foreign Agriculture

November 20, 1978

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

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Preparing U.S. health foods at USDA/FAS Stockholm exhibit.

First FAS Health Food Shows Project $1.5 Million in Sales

Choosing as sites two of the world's most health-conscious countries —Switzerland and Sweden —the Foreign Agricultural Service kicked off its export promotion of U.S. health and dietetic foods.

Presented in Zurich on September 26-27 and in Stockholm on October 3-4, 1978, the first two health and dietetic food exhibits held overseas drew hundreds of buyers from the European health food trade and resulted in a total of nearly $1.5 million worth of projected 12-month sales by U.S. exhibitors.

Twenty-four U.S. companies participated in the Zurich show and 20 U.S. exhibitors displayed in Stockholm. More than half of these firms were from the State of California, which is considered the home of the health food industry, perhaps because many of the items, such as dried fruit and nuts, are produced there.

The trade-only shows drew importers, wholesalers, retail food store owners, dieticians, and caterers to displays of such products as breakfast cereals and pancake mixes, yucca products, dried fruits (apricots, peaches, pears, nectarines, raisins, prunes, and figs), nuts, seeds (pumpkin, sesame, and sunflower), canned soybeans, vitamins and herbs, peanut butter, sunflowerseed oil, low-calorie sweetener, and fruits packed in water.

Soups, potato chips, crackers, and diet salad dressings and candy were also on display, as were salt-free vegetables, fresh citrus and citrus products, and oven-roasted turkey, beef, and chicken products.

"Dinners-in-a-box" containing lentils, wheat, rice, barley, and millet were also featured.

Among the most popular and prevalent items were health snacks—packets containing raisins and other dried fruits mixed with pumpkin seeds and nuts. Also such items as carob-coated nuts and fruits. These snacks are new items to the Swiss and Swedish health food market, and many of the exhibitors were doing an excellent trade.

Most of the shows' participants were new to the European health food market and were drawn to the exhibits because of the opportunity they held for increased U.S. exports of health and dietetic products.

At both the Zurich and Stockholm shows, guests sampled from a buffet prepared entirely from products displayed at the exhibit. The buffet, prepared by Naomi Sarna—a food service consultant from New York City—featured such items as quiche with nuts and vegetables, stuffed mushrooms topped with wheat germ, turkey with chutney puffs, cold spiced beef salad, corn salad, peanut butter cheesecake with low-calorie sweetener, and dried fruit salad.

The selection of Switzerland and Sweden as host countries for the exhibit was a logical one. In both countries, interest in health foods is high, as are sales of health food products.

Switzerland has 360 health and dietetic food stores, and most major food stores and department stores with food sections carry some health food items.

Homer Walters, U.S. Agricultural Attaché to Switzerland, feels that because of the strength of the health-conscious consumer market, Switzerland is a bellwether market for sales of U.S. health foods in Europe.

At the Zurich exhibit, Walters said, "Buyer reaction has been exceptionally good in two respects—the recognition by the Swiss trade that the United States has a number of exportable agricultural products that fall into the health food category and the broader effect of changing the U.S. image. With this exhibit, we've demonstrated to the Swiss that the United States has as much concern for health foods as they themselves do."

In opening the Zurich exhibit, U.S. Ambassador to Switzerland Marvin L. Warner was enthusiastic about the show and its results. "We are currently doing about $30 million in health food sales to Switzerland," he said, "and we'd like to do $40 million this year. With this type of show, I believe we'll hit the target."

In Sweden, where health food sales for 1977 were estimated at $62 million, there are about 280 health food stores. As in Switzerland, some health food sales are also made in retail food stores and department stores.

At the opening of the Stockholm health foods exhibit, which coincided with the fall meeting of the Association of Swedish Health Food Suppliers, U.S. Agricultural Attaché in Stockholm Norman J. Pettipaw said that increased awareness of the relationship between personal health and foods consumed has brought about a corresponding demand for a wider range of health foods. In the United States, he continued, there has been rapid development of the health food industry in the past few years to satisfy increasing consumer demand.

U.S. producers of health foods range from small, family-owned firms producing a few unique items to large, multi-product companies.

Said Pettipaw, "We estimate that today there are 800 producers and processors of health food products in the United States. Until recently, most U.S. companies concentrated on supplying the large American market. But now, we in the U.S. Department of Agriculture have been finding increasing interest by the more progressive firms, such as the exhibitors here today, in finding export markets for their many fine

By Lynn Krawczyk, staff writer, *Foreign Agriculture*.

Clockwise from upper left: Ake Sundquist, managing director of the Federation of Swedish Wholesalers and Importers, addresses the Association of Swedish Health Food Suppliers. Sundquist sampling from the health food buffet. In Zurich, H.P. Christ, Bil-Mar Foods, displays his poultry and beef products. Also in Zurich, Dehryl McCall, Florida Dept. of Agriculture, samples health food snacks from Theresa Rosenberger, Woodfield Farms. In Stockholm, exhibitors and buyers help themselves to the buffet prepared entirely from exhibitors' products.

products—thus we organized this first U.S. health and dietetic food exhibition."

Currently, Sweden, whose domestic health food producing industry is small, imports about 70-80 percent of its health food products, primarily from West Germany and Switzerland. Less than 10 percent of the products are of U.S. origin.

But people in the Swedish health food trade are highly interested in U.S. health food products and the prospects of increasing imports of these items. Because of the value of the dollar relative to the Swiss franc and German mark, U.S. health food items at this particular time are a good bargain, and the market potential for the United States in Sweden is great.

Although Sweden's per capita income is the second highest in the industrialized world, said Pettipaw, the Swedes are still price-conscious. Taxation is high and people watch their kroner. So the time for U.S. health food producers to get into the export market is now—when the price is right and Swedish importers are highly interested in suppliers other than Switzerland and Germany.

Another advantage for exporters of U.S. health food items, said Pettipaw, is that there are very few trade restrictions for most of these, in contrast to efforts to import dairy and meat products.

Reaction from U.S. exhibitors at the health food shows in Zurich and Stockholm was very positive. One firm, which had opened three accounts at the show—one each in Austria, Belgium, and Switzerland—was so enthusiastic about export prospects that it decided to open an office in Zurich as a result of the reaction from the show.

Another exhibitor, Jim Wilson, sales manager for a Springfield, Mo., firm producing convenience dinners

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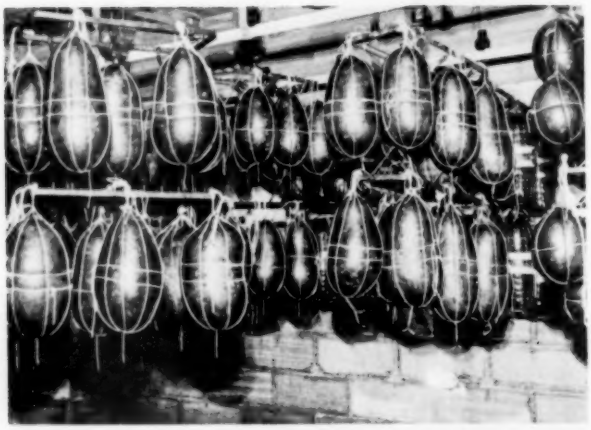
Impact of Livestock Trade Deficit Changing Italy's Swine Industry

By Dewey L. Pritchard and James Lopes



From top: Storage area of Italian sausage plant; exterior view of industrial hog farm near Rome. Italy is strengthening its pork and swine output in an effort to reduce its livestock trade deficit.

Although Italy's pork production has doubled since 1960, consumption—sparked largely by high beef prices—has risen steadily, causing a gap that has had to be filled by costly imports of both animals and meat.

All told, the country's meat and livestock trade deficit has amounted to more than $3.1 billion a year in each of the past 3 years, or about three-fifths of Italy's yearly agricultural trade deficit.

In consequence, the Government is pushing financial and agricultural programs to reduce the size of these imports—and to increase the volume of domestic pork production.

One result of such an expansion would be augmented imports of feed ingredients, of which the United States is one of Italy's major suppliers.

Italy's problem is worsened by the European Community's (EC) monetary compensation scheme that subsidizes imports of pork into Italy and penalizes its exports. However, the past year's reduction in the EC's Monetary Compensatory Amounts, which subsidized other EC countries' exports to Italy, helped to reduce the competitive advantage favoring German and Dutch pork. Furthermore, a 3-month suspension of imports from the Netherlands (which suffered an outbreak of swine fever) played a major role in reducing the flow of live swine to Italy in 1977.

Also worrying the Italian Government is the relative inefficiency of the country's pork industry, compared with that of other EC countries. This often enables Italian importers to buy pork and live animals from northern EC countries cheaper than they can be produced domestically. During 1975-77, the EC supplied an average of close to two-thirds of Italy's live hog imports and more than three-fourths of its pork imports.

Although U.S. exports of swine to Italy are small compared with those from the European Community, U.S. shipments to Italy always consist of top-quality breeding animals.

In 1976, two planeloads of U.S. breeding hogs, totaling 868 head, set a record for the number of U.S. swine shipped to Italy in 1 year. During 1977, exports of U.S. breeding stock to Italy totaled 465 head.

Italy's growing demand for pork has brought a number of changes in its pork production, consumption, and imports. Between 1960 and 1977, for example, Italy:

- Boosted total pork consumption 2.4 times.
- Doubled its pork production to about 850,000 metric tons.
- Increased live hog imports (practically all for slaughter) from 94,000 head to a high of 685,000 head in 1976, although they dropped to about 500,000 head in 1977.
- Pushed pork imports from 22,000 tons to a high of 267,000 tons in 1976, after which the 1977 level dropped to 250,000 tons.
- Widened the import deficit for live hogs and fresh and processed pork from $10 million to a high of $508 million in 1976, although the 1977 figure—$386 million—was 24 percent lower.
- More than doubled its total coarse grain imports to well over 5 million tons,

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and increased soybean imports more than 5.5 times to 1.2 million tons, thereby pushing the value of total feed and ingredient imports from $185 million to $1.5 billion.

• Raised the amount of imported feed used in hog production by a sizable amount.

• Expanded imports of U.S. feedgrains from 31,200 tons to a high of 2.8 million in 1976, 700,000 tons above the 1977 total; its imports of U.S. soybeans to 904,000 tons—nine times the earlier figure; and imports of U.S. soybean meal from 44,600 tons to 460,000 tons in 1976 and 415,000 tons in 1977.

• Reduced Italy's self-sufficiency in pork from 95 percent in the early 1960's to an average of about 74 percent in the past 3 years.

Italy's imports of pork—plus meat from imported slaughter hogs—amounted to 295,000 tons in 1977, representing 28 percent of Italy's domestic pork consumption—a decided increase from the 30,000 tons of 1960. In 1977, 45,000 tons of pork came from imported animals slaughtered in Italy. This is nearly six times more than the less than 8,000 tons of 1960. Italy's total pork production in 1978 is expected to increase to 866,000 tons with 43,000 tons from imported animals slaughtered in Italy.

Italy's drive to reduce its meat deficit attacks the problem in several ways: By producing more pork for fresh consumption; cross-breeding stronger, healthier animals; increasing the weight of lean hogs to 100-120 kilograms; and boosting the number of modern housing facilities using more sophisticated technology.

In the north of Italy, integrated breeding/feeding companies account for a major share of swine production; in the south, the number—while relatively small—is increasing, assisted by public sector financing.

One major production activity is underway in the Umbria region. Other regional Governments known to be planning such projects are those of Abruzzo, Calabria, Sardinia, and Sicily.

Large White and Landrace are the main breeds in Italy. These, together with Large White and Landrace crossbreeds, make up 40 percent of Italy's national swine herd.

But even with a rise in animal weights and a doubling of its domestic pork production, there is still a gap of 25-30 percent between Italy's output and consumption—so still larger rises in pork outturn are needed if the gap is to be closed. Assuming that per capita consumption (linear trend, 1960-76) continues to grow, reaching 21 kilograms per person by 1980, and the population increase remains steady at the current annual average of 0.8 percent, Italian demand for pork could exceed 1.2 million tons a year by 1980, compared with 1.07 million tons in 1977.

Italy's per capita pork use has risen from a stable 8-9 kilograms in the early 1960's to about 11 kilograms in 1969, and to nearly 19 kilograms in 1977. This is 5 kilograms below its per capita consumption of beef and veal and some 3.3 kilograms higher than that of poultry meat.

Fueling the switch to fresh pork are its growing availability—the result of increasing numbers of sizable refrigerated storage facilities being built; the improvement in packers' and butchers' cutting, storing, and retailing techniques; the growing impact of fresh pork promotion campaigns by the U.S. Feed Grains Council and the American Soybean Association—both FAS cooperators—and gradual abandonment of the belief that fresh pork consumption is detrimental to health.

But perhaps the greatest impetus to the use of fresh pork comes from the price relationship between fresh pork and beef. In May 1978, for example, the Rome retail price of a kilogram of boneless sirloin steak was US$8.62, compared with $4.60 per kilogram for boneless pork loin and loin pork chops.

Fresh pork outturn may benefit particularly under the Italian food and agriculture plan approved by the Government in late 1977. The plan calls for 7,000 billion lire ($8 billion) in Government investments for development of Italian agriculture by 1981. However, for several reasons—including a change in the Government—implementation of the plan has been delayed.

The plan foresees a rise of almost 50 percent in domestic pork production, the steepest increase in

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Italy: Hog Numbers, Production, Trade, and Availability of Pork, 1960-78

Year	Numbers Dec. 31	Production			Trade[1]		Total available[2]	Self-sufficiency
		Domestic animals	Imported animals	Total	Imports	Exports		
	1,000 head	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Percent*
1960	4,335	417	8	425	22	7	440	94.8
1961	4,478	396	2	398	9	11	396	100.0
1962	4,684	381	15	396	22	8	410	92.9
1963	5,029	366	9	375	37	9	403	90.8
1964	5,409	471	1	472	25	10	487	96.7
1965	5,176	474	4	478	23	12	489	96.9
1966	5,292	425	10	435	61	14	482	88.2
1967	6,186	451	10	461	86	11	536	84.1
1968	7,298	539	3	542	65	15	592	91.0
1969	9,224	528	5	533	73	15	591	89.3
1970	8,980	565	28	593	101	15	679	83.2
1971	8,196	612	32	644	136	16	764	80.1
1972	7,990	625	41	666	152	16	802	77.9
1973	8,201	659	30	689	207	26	870	75.7
1974	8,814	676	62	738	228	27	939	72.0
1975	8,888	684	51	735	240	33	942	72.6
1976	9,097	717	64	782	262	35	1,009	71.1
1977	9,420	805	45	854	252	34	1,072	75.1
1978[3]	9,250	835	43	866	255	35	1,086	76.9

[1] Includes processed pork products. [2] Assumed to be consumed and no changes in stock. [3] Preliminary.

Above, Phillipsen (at left) and Triantaphyllidis inspect bread made from Mexican wheat varieties. Above left, customer buys bread.

New Seeds Help Greece Double Wheat Yields

"Greece has never been able—and it is difficult to anticipate that she will ever be able—to successfully cover her wheat requirements from domestic production." This was the opening statement in a 1957 report prepared by a Greek wheat delegation upon its return from a tour of Nebraska, Kansas, and Oklahoma—States where Greece had been purchasing substantial amounts of No. 2 Hard Winter wheat.

The delegation's statement was based on Greece's 1957 yields that averaged about 1,500 kilograms per hectare (22 bushels per acre), yields that had increased so remarkably from the average prewar yields of 950 kilograms per hectare (14 bushels per acre). At the time, the delegation could not visualize the additional increases in yields that would result from the utilization of improved wheat varieties, including the so-called "Mexican Wheat" varieties propagated by the International Maize and Wheat Improvement Center (CIMMYT), under the direction of Nobel Prize winner, Dr. Norman E. Borlaug.

During the last 20 years, increased wheat yields in Greece have been spectacular, doubling during this period. Since 1960, harvested wheat area has decreased by about 20 percent.

Although Government policy has encouraged a shift from wheat to other crops, such as barley and corn, wheat production has expanded significantly as a result of better cultivation practices and greater inputs, such as improved seeds.

Higher yields have been a major factor in Greece becoming an exporter of wheat, with exports over the past 3 seasons averaging around 240,000 tons.

As early as 1967, the Cereal Institute of Thessaloniki initiated trials with Mexican wheat varieties (i.e., Siete Cerros and Nuri F-70, both Hard Winter wheat varieties, and Cocorit C-71, a Durum wheat). By 1972, the Institute was satisfied that some of these varieties, especially Siete Cerros, possessed promising properties for the soil and environmental conditions of Greece.

In 1972, a small amount of Penjamo and Lerma Rojo (both Hard Winter wheat varieties) was imported from Turkey and three more Mexican wheat varieties (namely Inia F-66, Yecora F-70 and Caseme F-71) were introduced into the trial program of the Ministry of Agriculture for comparative evaluation with established varieties grown in Greece.

By 1973, the Ministry of Agriculture had enough favorable experience with Mexican wheat varieties to expand their use by importing 2,000 metric tons of

By Wilferd L. Phillipsen, U.S. Agricultural Attaché, Athens, and Nicholas P. Triantaphyllidis, Special Assistant to the Attaché.

Record Greek Grain Harvest Seen—Wheat Export Supplies Up Sharply

Greece is expected to reap a record grain harvest in 1978/79 thanks to improved yields. The country's supply of wheat for export should increase by one-third over that of 1977/78, but corn imports in 1978/79 are estimated at 1 million metric tons, with most of these imports coming from the United States.

Greece's grain production in 1978/79 is expected to total 4.3 million metric tons, 1.2 million tons above the poor crop of the previous season and slightly exceeding the record level in 1976/77. Grain area is only slightly up

Siete Cerros seed; 1,150 tons each of Yecora F-70 and Caseme F-71; 400 tons of Inia F-66; and 150 tons each of Nuri F-70 and Cocorit C-71. Two more Mexican varieties (Jupateco and Torim) were introduced for trial in 1974.

Currently, about 30 percent of the total wheat area in Greece is planted to Mexican wheat varieties, primarily Siete Cerros and Yecora for breadmaking and secondarily Cocorit for semolina and pasta.

Yields in certain instances have reached as high as 7,450 kilograms per hectare (111 bushels per acre) for Yecora; 6,400 kilograms/hectare (95 bushels/acre) for Siete Cerros; and 5,000 kilograms/hectare (74 bushels/acre) for Cocorit. In addition to yields averaging 15 percent or more above the Generoso and Gallini wheat varieties that had been widely used, the Mexican varieties mature earlier, respond better to increased fertilization, do not shed, and are more resistant to lodging.

Experience gained so far indicates that Siete Cerros is better adapted to the northern area of Greece because it is more resistant to low temperatures. The Yecora variety produces best in southern areas.

Although all the Mexican wheat varieties are resistant to wheat stem rust (Puccinia garminis), most of them, including Siete Cerros, are susceptible to wheat stripe rust (Puccinia glumarum). In an effort to mitigate this drawback, the Cereal Institute of Thessaloniki has developed, by selection, a strain of Siete Cerros (identified as G-02763) which manifests increased resistance to wheat stripe rust.

With regard to baking qualities, both Siete Cerros and Yecora varieties have a high quantitative and qualitative content of gluten, substantially exceeding the Zeleny Sedimentation Test Index of 22 registered for the Generoso variety, widely cultivated in Greece. Tests carried out by the Institute's chemical laboratory showed a Zeleny Sedimentation Test Index for Siete Cerros and Yecora of 32 and 41, respectively.

Since the Ministry of Agriculture is still concentrating on a comprehensive program for the adaptation and adoption of Mexican wheat varieties in Greece, further increases are expected in yields as Dr. Borlaug's pioneer work continues to contribute to the improvement of the world's overall wheat industry. □

from that of 1977/78, but much better yields are expected as a result of favorable weather during the 1978 growing and harvesting season for winter grains.

The 1978/79 wheat and barley crops are estimated at 2.62 million tons and 960,000 tons, respectively, compared with 1.7 million tons and 702,000 tons in 1977/78.

Greece is expected to have 350,000 tons of wheat available for export in 1978/79, up one third from the previous year's. Corn production is expected to total 570,000 tons, slightly higher than in the previous season, but below the record levels of the early 1970's. Corn imports in 1978/79 are estimated at 1.0 million tons, mainly from the United States with Commodity Credit Corporation financing. □

Low-Priced Food Policy Works in South Africa

By James O. Howard

South Africa's retail food prices are among the lowest in the Western world, benefiting domestic consumers at every income level. They are lower than prices in most of 15 other countries whose prices are surveyed bimonthly by USDA's Foreign Agricultural Service.

South Africa, like other Western countries, struggles to keep farm prices up and consumer prices down. In addition to Government policies designed to achieve these goals, there are several other factors that contribute significantly to the country's relatively low food prices:

High self-sufficiency in food. South Africa's great variations in climate and soils permit a high level of food self-sufficiency. Although the total value of South Africa's agricultural exports in the early 1970's has been about $790 million annually, annual agricultural imports—principally cocoa, tea, coffee, and rice—amount to only 10 percent of the export total. Imported food products—even at low prices—cannot compete easily with Pretoria's prices.

Relatively low production costs. Although South Africa's agricultural production costs have doubled in the past 5 years and currently are a source of concern to farm and Government leaders, they are still comparatively low. Several factors help explain this.

Management is efficient, farming is highly mechanized, labor costs are low, and prices for land are relatively low compared with prices in North America and Western Europe. Prices for farm machinery and agricultural chemicals, on the other hand, are relatively high, as components for these items necessarily are often imported.

Food processing costs are comparatively low. Less processing goes into many South African foods than in some highly developed countries.

Example: A typical supermarket in Washington or Stockholm displays several dozen kinds of bread, while supermarkets in Pretoria and other South African cities offer—on recommendation of the South African Wheat Board—only three kinds.

Bread is not as expensively packaged in South Africa as in some other countries—an additional factor in holding costs down.

Milk produced in South Africa is pasteurized but often not homogenized. Frozen and convenience foods play a much smaller role in South Africa than in many Northern Hemisphere countries.

The U.S. farmer's share of the consumer food dollar is about 40 cents, with processors and distributors

[1] *Argentina, Australia, Belgium, Brazil, Canada, Denmark, France, West Germany, Italy, Japan, Mexico, the Netherlands, Sweden, the United Kingdom, and the United States.*

Mr. Howard is U.S. Agricultural Attaché in Pretoria.

Clockwise from top: Friesland cows grazing on South Africa's Stellenbosch-Elsenburg College of Agriculture experimental farm; Newly harvested South African citrus on its way to market; Combine harvesting of wheat in South Africa.

dividing the remaining 60 cents, but in South Africa, the return to the farmer is closer to 50 cents, with the other 50 cents shared by processors and distributors. Wages paid by processors for unskilled labor are relatively low.

Farm income support program. South Africa's farm-income support efforts, like those in the United States, are an outgrowth of the 1930's depression.

The basic support law, enacted in 1937 and amended in 1951 and 1977, places basic reliance on marketing boards for individual commodities.

Farm members make up the majority on each board, with minority representation distributed among traders, processors, consumers, and others. Board recommendations go to a National Marketing Council, and Council recommendations go to the Minister of Agriculture, who makes final decisions.

These boards are relatively powerful, and though their recommendations can be changed by reviewing authorities, this is not done lightly.

There are 22 marketing boards, controlling twice that many commodities. These commodities account for about 80 percent of the country's total gross value of agricultural production. Board functions, which vary greatly, are grouped by type of scheme (program) as follows:

Single-channel fixed-price schemes. Commodities covered: Corn, wheat, oats, barley, rye, manufacturing milk. Account for 30.96 percent of 1972-75 farm production value.

Prices are fixed just before harvesttime. Wheat prices formerly were fixed in advance, but this provision was dropped when self-sufficiency was reached.

The Board, through its agents, with minor exceptions is the sole buying and selling entity. Except for corn, retail prices are fixed. In most years there are export profits, part of which go into a price stabilization fund to cover losses incurred in lean years.

Single-channel pool schemes. Commodities covered: Deciduous, dried, and citrus fruits; bananas; wool; mohair; oilseeds (primarily peanuts, soybeans, and sunflower); tobacco; chicory; alfalfa seed; rooibos tea; buckwheat; and fresh milk (excluding manufacturing milk). Account for 19.4 percent of 1972-75 farm production value.

There are no fixed prices. Farmers deliver their products only to—or in accordance with arrangements by—the control board, which then makes advance payment. The board sells the pool products at home and abroad. Final payments are made to producers at end of season. Sugar and wine, which together account for 7.7 percent of 1972-75 farm production value, are handled in much the same way but under different acts.

Floor-price and surplus-removal schemes. Commodities covered: Meat, eggs, potatoes, grain sorghum, and dry beans. Account for 25.5 percent of 1972-75 farm production value.

Producers sell their output in the open market and the board applies measures—when necessary—to support prices, which can be done by setting the price at which the board will buy or by acting as buyer.

Most stock bought by the board are exported. The board collects levies on all sales. When these are inadequate to cover losses, the board borrows funds and increases the levy for the following year.

Supervisory schemes. Commodities covered: Cotton, and fruit for canning. Account for 1.8 percent of 1972-75 farm production value. Aimed mainly at orderly marketing and—to a more limited extent—price

protection.

Minimum prices are established for ginners to pay for seed cotton. Fruit producers make annual agreements, in advance, with canners. The board sets a minimum price for such contracts.

Publicity schemes. Covers karakul pelts. Accounts for 0.76 percent of 1972-75 farm production value. Sales are promoted at home and abroad through advertising in newspapers, magazines, fashion shows, and public relations activities. Financed through sales levy.

No controls. Applies to vegetables, both fresh and processed (other than potatoes), nuts, subtropical fruits (other than citrus and bananas), hops, poultry, and a few minor enterprises. Accounts for 13.83 percent of 1972-75 farm production value.

South Africa's dependence in food and fiber exports mitigates against high domestic prices. Despite their farmer majorities, the boards generally have abstained from selfish actions. On the whole, South African farmers have been cautious in pushing up prices of commodities because of the country's heavy involvement in producing crops for export.

During the past five production seasons, an average of 90.2 percent of South Africa's canned fruit production was exported, 89.1 percent of its wool, 87.1 percent of its mohair, 67.5 percent of its fresh citrus, 44.4 percent of its sugar, 42.1 percent of its fresh deciduous fruit, 28.7 percent of its peanuts, and 28.6 percent of its corn.

Laws governing South Africa's foreign trade—particularly imports—constitute another important part of the Government's farm policy.

Although South Africa is a member of the General Agreement on Tariffs and Trade (GATT), it has been able to establish exceptions for most agricultural products, as have some other countries. The Marketing Act allows the boards to control imports when necessary to carry out their programs.

In the case of wheat and corn, the boards are the sole importing agents, although the maximum import quantities are fixed by the Minister of Agriculture. The boards usually recommend issuance of import license to cover only the total quantity the Government decides is needed.

Another group of agricultural products subject to import controls by plant-protection authorities, veterinary health authorities, or similar agencies, includes live plants and animals, semen, sausage casings, and seed.

Importers of almost every other food and agricultural product, including processed foods, must obtain import licenses from the Commerce Department's import control office. Among the exceptions: Dates, pepper, dried coconut, cashew nuts, cinnamon, cloves, nutmeg, ginger, mustardseed, and rice.

Import licenses for common food items may be readily obtained by firms that have a history of importing the item or items. However, firms trying to increase imports must be prepared to present convincing reasons. And imports may be cut back on short notice.

South African Government officials do not regard the country's agricultural tariffs as prohibitively high.

Many duties are bound under GATT, but in 1977 a surcharge was imposed on products not bound by GATT equal to 15 percent of the dutiable value.

At the time, the Government indicated it would rescind the increase when other sources of revenue were developed, particularly a planned retail sales tax. However, the sales tax went into effect earlier this year and so far the surcharge has only been reduced to 12.5 percent.

Food subsidies figure importantly in South Africa's economy. The relatively low purchasing power of blacks, coloreds, and Asians until recently has been partly offset by subsidies on basic food items, particularly mealie meal (a form of cornmeal) and wheat bread.

Blacks comprise over 70 percent of South Africa's population; Asians and coloreds another 13 percent. Black wages average 20 percent of white wages, Asian wages 35 percent, and colored 29 percent.

For the current year, the subsidy picture has changed dramatically. The Government, citing the recession's impact on reserves and rising defense costs, reduced agricultural subsidies.

In 1977, the subsidy on a loaf of brown bread selling for the equivalent of 16 U.S. cents had risen to 6 cents, and for a white loaf selling at 20 cents, the subsidy was 3.5 cents. The total annual cost of the wheat subsidy reached $78 million in 1977.

For 1978, the subsidy on white bread has been abolished and that on brown bread kept at 6 cents. The Government hopes this move will allow a 33 percent cut in the wheat subsidy to $52 million this year.

The corn subsidy also is being reduced by 33 percent, and $58 million has been budgeted for this year, compared with $87 million last year. Each ton of corn sold for local consumption is subsidized; also a handling and transportation subsidy is used.

Under the new formula, the subsidy on 1 kilogram of mealie-meal selling for 16 cents is about 1.1 cents. The total cost to the Government of the corn subsidy has risen from $6.6 million in 1948 to $87 million in 1977. However, about half of South Africa's corn goes for nonfood uses, and this grain also shares in the subsidy.

There is also a small dairy subsidy, used primarily to help move the butter surplus, which in 1977 amounted to about $8 million. The 1978 budget appropriated $5.7 million for this subsidy.

Domestic sales prices for some products—particularly fruit items—are closely tied to sales in foreign markets. That which cannot readily be exported may be sold on the domestic market for whatever price it will bring. This can result in some significant buys for local consumers.

Sugar is another product available to consumers at low prices. When world sugar prices were high in the mid-1970's, the Government required the South African sugar industry to use a portion of export profits to subsidize domestic sugar prices. To achieve this, the Government set mandatory retail ceiling prices far below world prices.

Now that world prices are much lower, the industry has persuaded the Government that it cannot live with such low domestic prices, and during 1977 domestic consumer prices were allowed to rise by about 25 percent. However, consumers in Pretoria still pay only the equivalent of about 18 U.S. cents per pound. □

Area Up, But India's Peanut Crop No Record

Although India's peanut area has risen slowly in recent years, a marked rise in yields has pushed production up by over 50 percent since 1972, and 1978's outturn is expected to be at least 9 percent above the poor 1977 harvest, but less than the 1975 record.

Indian farmers have planted a record 7.3 million hectares of peanuts this year—up from 7 million last year and slightly more than the 1975 record of 7.2 million.

Production is expected to be around 6.0 million tons, less than the area might indicate because of disease and flooding in some areas. The 1975 production record is 6.7 million tons.

Monsoon rainfall was favorable in most peanut areas during June and July, but a dry spell in early August in Gujarat, India's leading commercial peanut producing State, caused some concern. However, good showers were reported in late August and prospects now appear good that the State will harvest a 2-million-ton crop, 20 percent greater than 1977's 1.7 million tons. Ample rainfall in September in Gujarat, Maharashtra, and Andhra Pradesh—all important peanut producers—further improved prospects.

Heavy rainfall in the Himalayan foothills in late August and early September caused severe flooding in Punjab and Uttar Pradesh. This probably reduced production of both States combined by 50,000-100,00 tons.

The poor peanut harvest of 1976 and 1977 of 5.3 million and 5.5 million tons, respectively, caused India to ban peanut exports last year, prompting many European peanut importers to buy their requirements from the United States. It is likely, however, that if the Indian ban is lifted in 1978, the growth of U.S. exports may slow somewhat since India prices its handpicked special peanuts slightly below top-quality U.S. peanuts, although both are comparable in quality.

The absence of Indian peanuts in some of India's traditional markets, such as the Soviet Union and the United Kingdom, enabled the United States to increase its peanut exports. During the first 10 months of fiscal 1978, U.S. exports of peanuts reached 326,000 tons, valued at $234 million —up from 245,000 tons worth $164 million during the comparable period of fiscal 1977.

Total Indian peanut exports—if permitted in 1978 —could be too small to greatly influence world peanut prices. If the current Indian crop falls below the 6.0-million-ton estimate, and exports are permitted, they are not likely to exceed 25,000 tons; higher production may open the road to a higher export level.

Last year's export ban was only partially connected with the crop shortfall. At that time, India had sizable foreign exchange reserves, which meant the small amounts of foreign monies received from its peanuts sales were not of major importance. Also, India's refusal to export peanuts reduced the harmful impact such exports are said to have on the overall Indian economy.

Indian policymakers contend that when as little as 1 percent of the crop is exported, the net effect is a rise of 20-25 percent in peanut prices. This, in turn, triggers rises in cooking oil prices, since peanut oil accounts for over half of the domestic supply. To dampen the impact on the economy of such price increases, India purchased about 800,000 tons of vegetable oil in calendar 1977 from the United States, Brazil, and Malaysia—up from the 106,000 tons purchased in 1976.

India has a number of programs to develop high-yielding peanut varieties, but these new varieties are having little impact at the farm level.

Average yields for Indian peanuts peaked at 935 kilograms per hectare in 1975, helped considerably by excellent rainfall in western peanut States during the growing season. Gujarat's average yield that year was 1,240 kilograms per hectare but fell to 1,006 kilograms in 1976. The State's production target this year is 2.1 million tons, indicating that its yield again may reach the 1976 level.—*By John B. Parker, Jr., ESCS* □

Record EC Grain Prospects Stimulate Export Activity

Generally favorable September-October harvest conditions have enhanced prospects for record European Community (EC) grain production and exports, especially of wheat and barley.

This year's crop is expected to total about 114 million metric tons, compared with the previous EC production record of 108.2 million tons in 1974/75. Exports to third countries in that year were 10.7 million tons.

The anticipated record is attributable to a 3 percent rise in planted area; increased use of high-yield winter wheat and barley varieties in France, West Germany, and the United Kingdom; and favorable growing and harvesting conditions. Much of the surplus over last years' production of 103.5 million tons will likely be low-protein wheat.

Although some of that surplus wheat is expected to be used for feed or go into stocks, much of the surplus wheat and some surplus barley will likely be exported to countries outside the EC.

Cumulative export licenses as of October 24 had been issued for 2.3 million tons of wheat and flour and 696,000 tons of barley, compared with 1.2 million tons and 588,000 tons, respectively, during the same period last year.

Current wheat and flour export licenses are four times the level issued during the comparable period of 1975, the beginning of the 1975/76 marketing year when EC wheat and flour exports to third countries reached their highest annual level of 8.4 million tons. Recent export subsidies have been about $108 per ton for wheat and $123 per ton for barley. □

Continued from page 3

Health Food Exhibits . . .

made of natural products and containing no salt or sugar, said that in addition to strong interest shown in his products by exhibit visitors, he feels another advantage of this exhibit was learning about market practices in Europe. "For example," he said, "we've learned about the packaging changes we'll have to make in order to market our product here and also about tariffs, taxes, duties, and freight charges."

While Wilson and his company are new to the European market, other representatives have been doing business in foreign markets for some time.

One such exhibitor was Peter Hazell of Corona Del Mar, Calif., who was displaying a variety of dried fruits. His company has been in the Swiss market for 3 years. Said Hazell, "Our chief interest in this show is to talk to retailers and refer them to our distributors in Switzerland. In addition, we're hoping to make new contacts for both our dried fruit and fruit paste (used in candies, cakes, and tarts). Through this show, in 2 days' time, I've seen people that it might take 30 days to see individually."

Many of the exhibitors were pleased that they had met not only with health food industry representatives from Switzerland and Sweden, but from other countries as well, such as Norway, Finland, West Germany, France, Austria, the Netherlands, and Denmark.

Some exhibitors were surprised by the excellent response they had to items that are relatively new to the Swiss and Swedish markets. Lawrence Brucia of San Rafael, Calif., said, "We weren't sure what the reception would be to our carob items—carob-coated raisins and almonds—but we have found to our delight that they enjoy them tremendously and the response, especially here in Sweden, has been very good. We are hoping to export carob products to these countries. In general, I see good potential here for us, since the health food industry seems to be expanding throughout the world, and I think there will be a large exchange of products between countries. With the way certain economic things are going—monetarily—I think the dollar is going to be very important in the world as far as products go."

Billie Tovell, international marketing specialist with FAS/Washington and exhibit manager, reflected positively on the two shows: "The prime objective of most exhibitors was to explore the market potential for U.S. health foods; this was accomplished and the potential of the market exceeded the expectations of many of the health food exhibitors." □

Continued from page 5

Italy Swine

output of any commodity covered by the plan.

And as production climbs, Italy's feed requirements for both coarse grain and oilseed cake and meal will rise markedly. The level of feeding in 1977/78 was 11.0 million tons of coarse grains—8.9 million tons of it corn—and slightly over 2 million tons of oilseed cake and meal—1.5 million of it soybean meal.

Growing no soybeans and only enough corn to satisfy roughly 50-60 percent of its current needs, Italy has turned to the United States in recent years for 71-87 percent of its imports of soybeans, about 50-60 percent of its corn, and 57-74 percent of its soybean meal.

During 1966-77, Italy's annual imports from the United States averaged about 2 million tons of feedgrains, 630,000 tons of soybeans for meal, and 300,000 tons of soybean meal.

In 1977, U.S. exports of all farm products to Italy amounted to $807 million, or 29 percent of total U.S. exports to that country, making Italy the eighth largest market for U.S. agricultural commodities. □

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Single copies may be obtained from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm 5918S. Tel. (202) 447-7937. □

Foreign Agriculture

Vol. XVI No. 47
November 20, 1978

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The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget, through June 30, 1979. Yearly subscription rate: $38.00 domestic, $48.00 foreign; single copies 80 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

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PRC Buys 400 Head of U.S. Breeding Swine

Clockwise from above: Open trucks awaiting their cargoes of U.S. breeding swine from the first shipment ever made to the People's Republic of China; Chinese agricultural officials waiting to oversee unloading; a loaded truck ready to carry its cargo of U.S. swine to their new home.

A precedent may have been set with the shipment in October of more than 400 head of U.S. breeding swine to the People's Republic of China (PRC) by an Illinois exporter.

The shipment—marking the first time U.S. breeding swine have been sold to the PRC—was of 439 purebred, registered Hampshire and Duroc swine shipped from Chicago's O'Hare Airport October 3. Larry L. Groce, General Manager of the Illinois Agricultural Service Co. of Bloomington, Ill.—exporter of the cargo—reported it arrived safely October 5 at the Canton airport.

"All of the pigs were alive on arrival (in China) and walked off the plane for transport in open trucks to their new home," Groce said.

"The Chinese officials in Canton seemed to have been impressed by the quality and type of swine delivered to them. They apparently appreciate the fine carcass characteristics of the Hampshire and the fast rate of gain and high feed efficiency of the Duroc, a breed that builds good weight at minimum cost," he noted.

Groce said his organization also shipped a Yorkshire boar (Big Jim) to Peking in March to be presented to the Chinese Ministry of Agriculture by an Illinois Trade Mission to the PRC.

Exports of U.S. breeding swine totaled 12,103 head in calendar 1977, down slightly from the 12,631 head exported in 1976, largely because of a downturn in exports to Asia—particularly to Japan and the Republic of China (Taiwan).

These drops can be attributed to the buildup of breeding herds in previous years, and to the fact that the number of animals imported tends to decline as herds are improved and the number of high-quality domestic swine increases.

Yorkshire, Duroc, and Hampshire were again the three most popular U.S. export breeds—in that order—during 1977. □